

**SUSTAINABLE LUXURY MAURITIUS LIMITED**  
(the “Company”)

**BUSINESS PLAN**

**April 2012**

**SHAREHOLDER:**

**Sustainable Luxury Holdings (BVI) Limited**

*Commerce House*

*Wickhams Cay 1*

*P.O. Box 3140*

*Road Town, Tortola, British Virgin Islands VG1110*

## 1. Mauritius

Mauritius appears to be a suitable choice as it is located favourably in relation to some of the largest developing markets in the world. Its central position in the Indian Ocean gives it easy access to fast growing countries in Africa, the Middle East, India and countries located east and south-east including Thailand, Vietnam, Indonesia. The SAFE fibre optic cable linking Mauritius to Singapore in Asia and Durban in South Africa provides a good communication base.

More than 80 percent of the world's developing population lives in the time zone band of +/- 4 hours from Mauritius.

Mauritius has developed an efficient financial infrastructure underpinned by a stable and favourable corporate legal system. This makes it a good location for capital raising and running the operations of a business focused on the markets contemplated by the Company. Furthermore, Mauritius is an offshore jurisdiction with a wide network of double taxation treaties in interesting markets.

## 2. The Ultimate Beneficial Owner

The ultimate beneficial owner of the Company is Craig Cogut, who founded Pegasus Capital Advisors, L.P. in 1996 and is Managing Partner. He chairs the Firm's Executive and Investment Committees.

Mr. Cogut has over 30 years of private equity investing, complex financial restructuring and legal advisory experience. From 1990 to 1995, he was a Founding Partner and Senior Principal of Apollo Advisors LP. In 2008, Mr. Cogut was awarded the New York League of Conservation Voters' Corporate Pioneer Award. He serves on the Board of Arizona State University's Global Institute of Sustainability.

Mr. Cogut is a Trustee of Brown University, Chairman of the External Advisory Board of the Brown University-Veterans Administration Center for Restorative and Regenerative Medicine and Chairman of The Cogut Center for the Humanities at Brown University. He also serves on the boards of Human Rights First, The Gettysburg Foundation and The Clean Economy Development Center. He also co-founded Polyphony, a non-profit that supports musical education programs that bridge the divide between Israel's Arab and Jewish communities, facilitating cultural exchange, dialogue and partnership. Mr. Cogut graduated from Harvard Law School and Brown University.

## 3. The Company

The Company will be organized and incorporated in Mauritius as a private company limited by shares. The Company will register as a Global Business Licence Category 1 company.

The Company will be wholly held by Sustainable Luxury Holdings (BVI) Limited, a direct subsidiary of Sustainable Luxury (BVI) Limited Partnership, which is controlled by its general partner, Sustainable Luxury (BVI) Limited, which is a direct subsidiary of Pegasus Partners V International Holdings, L.P., which is controlled by its general partner, Pegasus Investors V (IH), L.P., which is controlled by its general partner, Pegasus Investors V GP (IH), Ltd., which is ultimately beneficially owned by Craig Cogut, as per the organisational structure.

Initially, the Company will have a stated capital of USD \$1.00 with 100 ordinary shares of no par value. However, within the first year, the Company will be further capitalised with an amount equal to around USD \$5.0 million. As and when further funding is required, if applicable, then additional capital will be injected via share capital and or loan capital from the shareholders.

The Company intends to invest USD \$4.0 million in the first year and ~\$1.0 million annually thereafter.

The main business activity of the Company will be to develop, manage and operate spas in various jurisdictions worldwide. It will also hold intellectual property rights in connection with its activities in the jurisdictions in which it operates.

The Company is also contemplating to set up subsidiaries to develop, manage and operate spas in various jurisdictions among others in Maldives, Cyprus, Sri Lanka, Thailand and United Kingdom.

#### **4. Management & Administration**

##### **4.1 Management Company**

The proposed Company will be managed and administered by Codan (Mauritius) Limited.

##### **4.2 Board of Directors**

The proposed board will consist of Craig Cogut, Gregory Gish and Andrew Mendelsohn, and two local directors namely Nicolas Richard and Sonia Xavier.

##### **4.3 Bank**

The bank account will be opened with HSBC Bank (Mauritius) Limited.

#### 4.4 Auditor

The Company will appoint KPMG as auditors who will audit the accounts in accordance with International Financial Reporting Standards.

#### 4.5 Other

Specialist functions will be outsourced according to requirements such as necessary tax planning.

#### 4.6 Taxation Implications

The Company will require tax residency certificates, to be issued by the authorities in Mauritius after the incorporation of the Company to benefit from the double tax agreement between Mauritius and the countries in which some of its activities are located, namely Oman, United Arab Emirates, Kuwait, Thailand and China.

### 5. Financial Forecasts

The financial year of the company will run from 1<sup>st</sup> July to 30<sup>th</sup> June.

#### Summary Projections

##### Base Case

Fiscal Year Ended:	6/30/2012	6/30/2013	6/30/2014
Resort Management Fees	\$ 3,833,515	\$ 5,638,683	\$ 8,617,368
Spa Management Fees	3,775,325	5,418,121	5,208,445
Spa Products / Retail	261,018	274,069	1,287,773
Design, Development Branding Fees and Other	2,939,335	3,040,974	3,106,393
<b>Total Revenues</b>	<b>\$ 10,809,194</b>	<b>\$ 14,371,847</b>	<b>\$ 18,219,979</b>
Payroll	3,792,639	3,887,455	3,984,641
Other Expenses	1,384,617	1,919,233	2,304,713
<b>Total Costs</b>	<b>\$ 5,177,256</b>	<b>\$ 5,806,687</b>	<b>\$ 6,289,355</b>
<b>EBITDA</b>	<b>\$ 5,631,938</b>	<b>\$ 8,565,159</b>	<b>\$ 11,930,624</b>
Less: Net Increase in Working Capital <sup>(1)</sup>	(302,371)	(560,702)	(289,837)
Less: Interest Expenses <sup>(2)</sup>	-	-	-
Less: Capex <sup>(3)</sup>	\$ (4,000,000)	\$ (1,000,000)	\$ (1,000,000)
Less: Taxes <sup>(4)</sup>	(317,395)	(1,066,336)	(1,553,016)
<b>Free Cash Flow</b>	<b>\$ 1,012,171</b>	<b>\$ 5,938,121</b>	<b>\$ 9,087,772</b>
# of Resort <sup>(5)</sup>	10	12	15
# of Spas <sup>(6)</sup>	28	34	37

## ORGANISATIONAL CHART

